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UNCLAS SECTION 01 OF 02 RANGOON 000949

SIPDIS

SENSITIVE

STATE FOR EAP/BCLTV, EB, PRM
COMMERCE FOR ITA JEAN KELLY
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SUBJECT: NEW BURMA SANCTIONS EQUAL NEW BURMA REFUGEES?

REF: A. RANGOON 832

[B](#). BANGKOK 4236

[C](#). BANGKOK 4025

[D](#). CHIANG MAI 141

[E](#). BANGKOK 2776

[F](#). RANGOON 4

[1](#)1. (SBU) Summary: The new U.S. sanctions on Burma will have a negative impact on the economy as a whole, and the garment sector in particular. NGOs believe that the unemployment caused by the sharp decline of the garment industry will lead to an increase of trafficking in persons and attempted emigration. However, the already massive flood of unemployed young women and men seeking economic alternatives will likely largely swallow this uptick. Nonetheless, the U.S. government should act quickly to ensure the activities of NGOs providing outreach to potential and actual trafficking victims are not diminished by the new sanctions. End summary.

Sanctions Put a Bullet in Garment Sector

[1](#)2. (SBU) The new Burma sanctions, which among other punishments ban imports of Burmese products into the United States, are already beginning to have a visible impact on a local garment sector already weakened by declining demand and poor global competitiveness. As reported in Refs A and F, the predominately private sector-controlled Burmese garment industry relies almost exclusively on the U.S. market, and the garment manufacturers here have asserted that it will be very difficult to replace U.S. customers with European Union or Japanese buyers.

[1](#)3. (SBU) With the garment sector collapse, we estimate that a large percentage of the sector's estimated 100,000 jobs, mostly in the Rangoon area, will be at risk. In Burma's dismal economy, these workers, mostly young women, some of whom are the primary wage earner for their families, will have very few positive economic prospects. Certainly some will be absorbed by the agricultural and informal economic sector (selling tea or forest products in the marketplace). Others will migrate to the vigorous karaoke and nightclub sector of Rangoon to take jobs as hostesses and/or prostitutes. A third group, of indeterminate size, may head for the borders to seek opportunities in Thailand or China.

NGOs Uncertain Over Workers' Future

[1](#)4. (SBU) According to international NGOs in Rangoon that work to prevent trafficking in persons, the new sanctions will likely cause an uptick in the number of women seeking to find entertainment or sex industry jobs inside Burma, and sex and manufacturing industry jobs over the border in Thailand and China. The NGO representatives admitted, though, that the ranks of young, unemployed job seekers -- and cases of human trafficking as a result -- will swell only slightly by the closure of the garment factories. Job brokers, both legitimate and sinister, operating in Burma already benefit from a huge supply of potential laborers due to the chronic economic problems in Burma, and the relatively strong currencies and economies of Thailand and China. The NGOs report that already brokers have increased their fees from 50,000 kyat (about \$50) to 100,000 kyat. The average garment factory employee earns about 12,000-20,000 kyat/month (\$12-\$20/month).

[1](#)5. (SBU) NGOs are concerned about the paucity of legitimate employment opportunities inside Burma for the former textile workers and other young women. One NGO told us as part of its outreach program it previously assisted young women at risk to get jobs at garment factories. This will no longer be an option. NGOs do not foresee the government taking any steps to create new jobs for young women. In fact the government's anti-trafficking watchdog, led by SPDC Secretary One's wife, has announced a campaign to shut down all karaoke shops and massage parlors (most of which do not offer sex); a step that would cut off a major alternative to outright prostitution for jobless girls and women.

GOB Actions Indifferent

16. (SBU) Thus far, the government has done nothing to prepare for, or soften, the impact of the factory closures. Instead, senior leaders and their journalistic mouthpieces have been making political hay of the "weapon of mass destruction" launched by the United States to cause "human rights abuses" and force Burmese girls into "sexual slavery." Garment manufacturers tell us the government has ordered the factory owners to pay all employees a severance package equal to 3-months salary. However, it's yet unclear whether the businessmen, already suffering from a 6-month banking crisis and a generally poor business situation, will be able to make these payments.

17. (SBU) The government also seems prepared to redouble efforts to crack down on migration, particularly by women, along the most traveled routes to the Thai and Chinese borders. However, NGOs fear, this type of interdiction will only force would-be economic migrants to seek alternative, more dangerous escape routes.

18. (SBU) It is always possible that the regime will take administrative measures to sop up some of the new unemployment, such as expanding public works projects or forcing private investors to hire a certain number of new employees. However, we've heard only hints and rumors of this, and think it possible only if the unemployment begins to cause some political ferment in the poorer parts of Rangoon.

Comment: Assistance Needed

19. (SBU) While the Burmese government bears ultimate responsibility for softening the economic blow to garment sector workers, neighboring states and the U.S. government should also look at ways of assisting those NGOs who are aiding trafficked women and those at risk of being trafficked. There may be opportunities to contribute additional U.S. aid to credible INGOs working independently of the GOB in the area of trafficking. However, the immediate need is for a liberal general license, waiving restrictions imposed by the latest sanctions, for those NGOs that remit dollars into Burma. Punctuating this need, on August 8 twenty-six health, education, and environment NGOs met with the DCM to complain that without a resolution of the remittance problems, they would have to shut down their operations within 2-3 weeks. Indeed, many NGOs reported that they were already cutting back their outreach because of the inability to replenish funds.
Martinez